

# **EXHIBIT R**

# PALESTINE *report*

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## Who will protect the children of "Aida Refugee Camp?"

By: Muna Hamzeh-Muhaisen

Bethlehem -- Ali Jawariesh looked so young and innocent as his lifeless body, covered with a gleaming Palestinian flag, lay on the stretcher waiting to be taken for burial. Yet his face, still and peaceful, did not seem to be that of a seven-year-old first-grader. His eyelids were puffy, the hair at the front of his head had been shaved, and an ugly, scar protruded across his forehead. This is where the bullet of an Israeli army sniper landed when Ali was shot in 'Aida Refugee Camp on November 11. The rubber-coated metal bullet was fired from a range of 15 meters, leaving Ali brain-dead for five days before he was officially declared dead on November 15. Ironically, the announcement of his death came as Palestinians in the PA areas were celebrating the anniversary of their declaration of independence.

At his funeral on November 16, Ali's young classmates looked stricken with grief as they carried a placard reading "students of the Elementary first grade", and wept in silence. Ali was a bright, quiet student, and popular in class. Less than an hour before he was shot, he returned home from school with his report card in hand. He had received a grade point average of all A's, and after showing it to his parents, he rushed out of the house. Ali was eager to show his grades to an aunt who lives nearby.

Shortly thereafter, a distraught Imad Hanash, a car mechanic who runs a car repair shop nearby, was rushing Ali to the hospital in his car. "I found Ali's blood and small pieces of his brain in the back seat of the car," says Hanash. "Cleaning up the mess was one of the hardest things I ever had to do. I'll never get over it." Hanash believes that Ali was shot with a live, and

not a rubber-coated metal, bullet. "As I carried him in my arms, I could see the long bullet sticking a few centimeters out of his head," says Hanash. "A metal bullet is round and would not have been visible."

According to eyewitnesses, Ali was standing with a group of stone-throwing children in Zone A (under Palestinian control) of 'Aida Refugee Camp, when an Israeli soldier at Rachel's Tomb -- in Zone C (under Israeli control), 60 meters away -- came down the hill and shot him. The situation at the Tomb had been tense for two days. Hundreds of Israeli religious fanatics were celebrating the official opening of the Tomb, and dancing crazily in the street under the protection of heavily armed Israeli soldiers. The two-day celebrations came after the Israeli authorities completed construction of a stone wall around the Tomb, as well as a stone watchtower.

"An Israeli soldier approached me earlier that morning and ordered me to disperse a group of stone-throwing children," explains Hanash. "He told me that there were too many Israelis around and he did not want to risk their lives. I replied that the children were too young to pose a threat and that they would go away by themselves." When the soldier persisted, Hanash suggested that he, the soldier, call the District Coordination Office (DCO) -- the joint Israeli-Palestinian military coordination outfit -- who could send out a Palestinian army patrol to peacefully disperse the children. The soldier refused and for the remainder of the day, he kept harassing Hanash. At 2 p.m., the soldier told Hanash he had until 4 p.m. to disperse the boys.

"He threatened me, and told me that after 4 p.m., he would not be responsible for what happens." It was at 4 p.m. that Israeli defense minister Yitzhak Mordechai was expected to arrive at Rachel's Tomb to participate in the celebrations. Shortly after Mordechai's arrival, Ali was shot and, according to Palestinian press reports, it is widely believed that it was one of the minister's guards who fired at Ali.

Ahmed Salah, a mechanic at Hanash's shop who witnessed the shooting, says that Israeli soldiers had caught several young boys earlier that day. "They beat them up and let them go," he says. "The children later set fire to a tire and I was ordered at gunpoint to put out the fire. But too many stones were flying in the air, and I could not get near." Salah says that a few minutes before Ali Jawariesh was shot, five Israeli soldiers came running down the road after a group of young kids. "One of the soldiers grabbed a boy, threw him on the ground and placed his boot over the boy's neck. The soldier then leaned down on his other knee, aimed his sniper gun, and fired at Ali's head.

"He fired to kill," says Ahmed Jawariesh, Ali's uncle. "Ali was only seven for God's sake! The soldier could have aimed at his legs if he had meant to injure him rather than kill him." Eyewitnesses at the scene say that right after Ali was shot, the soldiers arrested three refugee children, ages 12, 11 and 10. "They put them in the jeep and took them to Etzion [an Israeli military camp near Hebron], where they beat the living daylights out of them," says Sheik Abu Nasser, the father of one of the children. "At midnight, the jeep dropped the boys off at the Bethlehem checkpoint and ordered them to walk home." Abu Nasser's son, Tha'er, 12, suffered from severe pain in his stomach, back, legs and arms from the beating. "He came home limping from the pain in his leg."

Hanash and several camp residents told Palestine Report that skirmishes between young refugee children under the age of 12 and Israeli soldiers stationed at Rachel's Tomb is a daily occurrence. "It is a worrying situation," says Hanash. "The Israelis who usually come to pray at Rachel's Tomb are fanatics and we always worry that one of them might randomly open fire at

the children." Area residents fear a repeat of the massacre by Israeli settler Baruch Goldstein, who opened fire at Muslim worshippers, including children, in Hebron in early 1994.

"There ought to be a permanent Palestinian military point between the camp and Rachel's Tomb to protect the children," says one camp resident. "Where is the security coordination between the Israelis and the Palestinians? If the Israelis were holding these celebrations, with so many religious fanatics present, why wasn't there a reinforcement of Palestinian forces, to prevent the children from approaching the Tomb?" Camp residents further complain that Israeli undercover units repeatedly enter the camp, indicating that undercover units were in 'Aida just one month ago. As one resident puts it, "the location of 'Aida is very sensitive, and this is why we need permanent Palestinian army points at the borders of the camp."

Meanwhile, Ali's father, Mohammed Jawariesh, looked dazed and numb from the grief and lack of sleep as he received the hundreds of mourners and answered questions from the local and foreign press. The press was mostly interested in knowing what prompted him to donate his son's organs-an unprecedented decision by the parent of a martyr and considered somewhat taboo in a Muslim society which still frowns upon organ donations and autopsies. The press also wanted to confirm the news that Mohammed had donated the organs to needy recipients, whether Arabs or Jews.

"The organ donation bothers the Israelis," says Khaled, a family friend. "They kill the boy and the father turns around, before the entire world, and donates his son's organs to people who could possibly be Jewish. It is embarrassing to the Israelis." Perhaps it is the embarrassment which prompted the Israeli Minister of Health and the Minister of Defense to call Ali's father to extend their condolences. "Mohammed spoke to them briefly, saying he was in no shape to talk, and hung up," says Ahmed Jawariesh. "In one phone call, he was asked to go meet with some high-level military person on November 17, who wanted to apologize to him. When Mohammed refused, they tried to urge him by saying that they had a gift for him but we have no idea what they meant by that."

The donation of Ali's organs was the talk of the week in Bethlehem. Some people considered the father's decision courageous, others thought it was against the teachings of Islamic religion, but all followed the news to learn the identity of the organ recipients who, as it turned out, were all Israeli Arabs.

Meanwhile, little attention was paid to the serious question raised by Ali's untimely death: Who will protect the children of 'Aida from further Israeli attacks?

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## **Pension fund returns to Palestine**

by: Samar Hawari & Stephanie Nolen

A protracted struggle for control of a large Palestinian pension fund, which came to light with a recent story released by Germany's Der Spiegel, has provided a telling example of some of the

complexities of Palestinian reconstruction. The fight was for control of a US\$166 million pension fund established with contributions from government workers in the Gaza Strip. The pension system was originally established by Egyptian president Gamal 'Abdul Nasser, during Egypt's rule of the Strip; when Israel occupied Gaza in 1967, it took over as the "governmental" sector and assumed management of the fund. All civil service workers are now in the employ of the Palestinian Authority.

Under the Oslo agreement in 1993, Israel agreed to relinquish control of the pension fund. Under an agreement, signed by Nabil Sha'ath for the Palestine Liberation Organization, a board of trustees was set up to manage the fund. According to the management agreement, the Palestinian Authority was not allowed access to the fund. Instead, the money was to be placed in a bank outside Palestine under the control of a third party manager. The manager selected by Sha'ath was Ariel Golon.

The board was duly established, and is headed by Justice Minister Freih Abu Middein and includes Local Governance Minister Saeb Erekat and Finance Minister Mohammed Nashashibi. The fund, now being managed by Golon, was placed in the Credit Suisse bank and invested only in shares of Balista Inc.

In August 1997, PA president Yasser Arafat went looking for the money. This was shortly after Israel had frozen transfers of Palestinian tax revenues, which make up a large portion of the PA's operating budget, when Arafat was struggling to meet his payroll. On being informed that the PA could not relocate the pension fund to Gaza, which would have allowed the interest to be earned locally, Arafat ordered an investigation of the pension fund, which revealed a number of problems. The manager, Golon, was a shareholder in Balista Inc., and therefore a direct beneficiary of his investment of the pension fund. And Balista, it emerged, was hardly the kind of blue-chip destination appropriate for a pension fund. In addition, the PA had been paying from its own funds the pensions of all the civil service retirees who were eligible beneficiaries of the fund, without receiving any reimbursement. Arafat also inquired as to why Palestinian money was serving as capital for an international company, when projects in the West Bank and Gaza were desperate for investors; he reportedly wanted the money invested in telecommunications and electrical supply projects in Palestine.

The PA president delegated his economic advisor, Khalid Salaam, to get the money back. Salaam found that there were no financial experts on the original board of trustees, and he put together a team of specialists from regional banks. He received a mandate from the board of trustees, and so in September Credit Suisse transferred some of the money to an account in the Arab Bank in Gaza. Forty percent of the money remained invested in Balista, Inc., however.

Now that most of the fund is in an account in Gaza, there are still questions. Rumors are flying thick and fast on the streets of Gaza; pensioners who have heard the persistent stories about PA corruption and mismanagement are not happy about having their savings in the Authority's control. And while Balista was not a risk-free investment option, telecommunications and electrical projects in the as-of-yet undeclared state of Palestine are hardly any better. According to Salaam, however, that is not his problem. "My job was to get the money back and I've done that," he said. "What happens now is not up to me."

Twenty-seven members of the Legislative Council, including Hussam Khader (Fateh / Nablus),

petitioned LC speaker Ahmed Qrei' two weeks ago, asking that the pension fund issue be discussed in a Council session.

But, according to Khader, Qrei' rejected the suggestion, saying the request was based on nothing more than rumors. Khalid Salaam then met with the Council members, asking them to drop the issue until it was resolved and the funds were secure.

Following the publication of the Der Spiegel story, another round of negotiations were held and control over the majority of the money has now been handed over to the PA.

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## Reflections on Doha

Trans. by: J. Baker

The following commentary by PA trade and commerce minister Maher Masri is taken from a feature on the Doha economic conference which appeared in al-Hayat al-Jadida on November 16.

Q: Can you define the Doha economic conference and the previous conferences from an economic point of view?

Masri: For a start, the establishment of these conferences in general, not just the Doha conference, are part of a cycle of conferences which began after the Madrid peace conference and the signing of peace agreements [with Israel]. Their purpose is as follows: 1) economic cooperation at the regional level in particular and the international level in general; and 2) allowing Israel to enter the regional economic group which is comprised primarily of Arab countries, in order for regional cooperation to include Israel -- this is the unstated objective of these conferences.

The private sector used to be the focus of these conferences, that is, the promotion of joint ventures. The idea was to support the peace process which began in Madrid, so that it could result in economic growth in the Arab region in general and in Palestine in particular. It was under this slogan, and with the idea of making the slogan a reality, that the first meeting was held in Morocco. Israel occupied center stage at that conference, in the sense that all the participants, at the government level and from the private sector, were approaching the Israeli representatives to find out how they could deal with Israel and what the process for starting joint ventures with Israelis entailed. Israel was also in the spotlight at the next economic conference in Amman. All this is a reflection of the policy at the time, when the peace process was just beginning and the Israeli government at that time was implementing a few articles in the Oslo agreement.

Then came the Cairo conference, which took place under different political circumstances. It was becoming clear that regional cooperation had begun to decline because of the political situation. The current Doha conference is taking place at a time when the political situation is much worse than one year ago, which makes it impossible for the conference to result in any local or joint economic agreements, whether regional or bilateral, between countries or the

different private sector representatives participating in the conference...In short, the conference has two streams: the first is economic cooperation at the governmental level through joint projects funded by international institutions or the World Bank; and the second is the cooperation between private sectors and investors who are participating in this conference.

I think the first conference was just for show, and the start of placing Israel in the Middle East and Arab region. The Israelis presented more than one regional project and they profited from local projects carried out in Israel by other countries. During the period in which the [Israeli] Labor Party was in office, and from the first conference until the start of the Netanyahu government, investments entering Israel amounted to more than US\$12 billion. This is an extraordinary sum for investment and it was the result of the Madrid peace conference and the Oslo agreement, as well as these economic conferences which gave Israel the chance to become part of the regional group.

As for the Arab countries participating in these conferences, some of them profited from numerous joint ventures [with Israel]. However, this was not widespread, if measured by the total number of joint investments made by Israel or by the size of foreign investment in Israel. And in fact, many projects were proposed at that time which could be called "regional" projects, such as for the Jordan Valley area, which were Israeli/Jordanian joint projects and none of which, until now, have been implemented properly. There was also an Egyptian/Israeli/Palestinian electricity connection project which also remains on paper only. Another project, the "Palestinian Riviera" in the Gaza Strip, has also not been implemented. These are some of the Arab regional projects which have not been realized. In my opinion, the main beneficiary of these projects is Israel. The size of investments which I mentioned earlier proves this.

As for the Palestinians, we have not really benefited from any of the projects presented at these conferences by either the private sector or by Palestinian institutions. The Palestinian delegations at these conferences, up until the Cairo conference, used to present projects to the private sectors and there was no interest from the West or anyone else for that matter. At the Cairo conference, the Palestinian private sector presented between 15 and 20 active projects which deserved the participation of other parties. However, we did not receive any participation in this sense. With the exception of the industrial zone in Gaza, which received some support a couple of months ago from international investment banks, among them the World Bank and the European Investment Bank, we have not received any support or joint investments.

What is noticeable at these conferences is that the Arab delegations in general did not engage in any bilateral activities. On the contrary, all the Arab countries approached other [non-Arab] countries, particular the Western ones, leaving no communication in terms of Arab-Arab investment. Instead, [the emphasis was on] Arab-foreign investment on an individual basis. This was quite noticeable. Whereas, in the Cairo conference, the discussions focused on the political situation. Our message was clear, and it was a political message, although we presented our projects in a detailed, professional way.

...The question is, what if this approach had worked? In my opinion, if it had succeeded and the whole mechanism by which these conferences worked was different, then we would have benefited enormously from them. However, these conferences were mostly for show and all of the projects proposed at them had already been agreed upon prior to the convening of the conference. That is, the conference served merely for the announcement of a previous

agreement between two participants.

In any case, there was no prior communication with any Arab or Western representatives in order to prepare for the announcement of certain joint ventures. These conferences were only to announce and inform, and not for serious examination of these projects. The detailed examination usually preceded the conferences, so the larger Arab states and the Western countries would agree beforehand on what was to be agreed at the conference. Then the announcement would be made at the conference.

We were not part of this circle which was engaged in preparing for these conferences. So for the conferences to be successful, there must be a change in the working mechanism. If this had been changed and the political situation were good, then we would have been able to profit from these conferences and our economy would have prospered more than that of any of the neighboring countries. I think that the size of investments and economic support for the Palestinian territories should have taken the bigger share in these conferences, considering that the Palestinian question is the crux and the basis of the Middle East conflict. The solution presented in the Oslo agreement was political, and was to coincide with an economic solution, in order to advance the Palestinian economy, which had been occupied and monopolized for more than 25 years.

What should have happened through these economic conferences, which were headed by the United States, was that all the weight should have been placed on investment in the Palestinian territories to increase the standard of living and the economic standards in general. However, this did not happen. What did happen was that through this gathering of the donor countries, which should have been spending their money on the destroyed Palestinian infrastructure, the United States took advantage of these conferences to create a false picture of the level of investment in the Palestinian territories, which was exaggerated in media reports by unbelievable amounts. This resulted in a continuing contradiction which we witnessed this year. Not more than US\$100 million was spent from the original US\$860 million promised, and that came in the form of technical assistance. If you examine the basis for establishing these conferences, you will find that they were supposed to result in support for the Palestinian people and to later benefit the rest of the area. However, this also did not happen and the fact that it did not, I believe, is dangerous.

When you look at the Arab states, there is no doubt that they possess obvious economic strength. Egypt, for example, has recently witnessed an increase in foreign capital as a result of the economic, administrative and financial reforms undertaken by the Egyptian government. Egypt has received more than 60 percent of the total foreign investments to the region, which has resulted in a noticeable improvement in conditions there. So any Arab country which can improve its conditions and achieve political stability will get foreign investments in the end.

As for the subordination of the Palestinian economy to Israeli economic interests, this remains a controversial issue. There are two theories: one says that "the whale swallows the fish"; the other says that "the fish feeds off the body of the whale." The Palestinian economy is small while the Israeli market is very large. So, provided that the right conditions exist -- which they do not, because of our administrative policy, and Israeli economic policies against the Palestinian people, its leadership and its economic organization -- we could profit from the larger economic powers, including Israel.

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## **Arafat: No more "meetings for the sake of meeting"**

by: Rose-Marie Barbeau

As Palestinians in the West Bank and Gaza were celebrating the ninth anniversary of the Declaration of Independence on Saturday, November 15, Palestinian Authority president Yasser Arafat was meeting with US secretary of state Madeleine Albright in Bern, Switzerland.

Palestinian negotiator and PA minister for local governance Sa'eb Erekat told reporters that Arafat had informed Albright yet again that "there is no hope that the peace process will get back on track without implementing further [Israeli] redeployments and ending unilateral actions [by Israel]." And, after Arafat told the secretary of state that they could not continue with "meetings for the sake of meeting", Albright apparently assured the Palestinians that she would do everything in her power over the coming weeks to salvage the peace process.

It appears that Palestinians are now seeing the beginning of a divide, between the continuing intransigence of the Israeli government's position and American impatience to push the peace process forward. PA presidential advisor Nabil Abu Rdeineh said this week that, "perhaps the [boycott of the] Doha economic summit is a clear and comprehensible message that there is a firm Palestinian and Arab position." The Palestinian Authority and the Egyptian government took decisions this week not to send official delegations to the Qatar conference, despite pressure from the United States to participate. Instead, Yasser Arafat and Egyptian president Hosni Mubarak held a meeting in Cairo on November 16, as Arafat was returning from his meeting in Switzerland with Madeleine Albright, in order to discuss the current political situation. Arab states which did attend the Doha meeting were represented by low-level officials and private sector representatives; Israeli ultimately did not send its foreign minister David Levy, but dispatched a delegation of businesspeople headed by trade minister Natan Sharansky. One US official present at Doha commented that "we expected wider participation from the Arab states; they are the losers and those who showed up will gain from it."

Meanwhile, rumors continue to circulate this week about the state of Yasser Arafat's health. However, Arafat himself told reporters that he was not getting enough sleep due to the pressures of work, and Israeli press reports denied the stories previously published that Arafat was suffering from Parkinson's disease.

Negotiations subcommittees for the airport, sea port, safe passage route, civil affairs and industrial zones also met this week in Jericho at the Local Governance Ministry offices. No progress was reported from the meetings.

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## **Who is responsible?**

By: Johara Baker

Tensions are running high between Hamas and the Palestinian Authority following the abduction of two Hamas activists on November 14 by Israeli soldiers which, Hamas has charged, was carried out with PA cooperation.

'Abdel Rahman Ghneimat and Jamal al-Hour were arrested by the Israeli army commando unit Duvdvan while in transit, in Palestinian custody, between the Hebron jail and Jneid prison in Nablus. The two men, who are from the West Bank village of Sourif and have been detained by Palestinian Preventive Security for the past two months for alleged involvement in bomb attacks against Israel, were being transferred to Jneid prison, for reasons which have not been made clear. It appears that the vehicle transporting the two men was stopped at an Israeli army checkpoint near Huwara, outside of Nablus in Area C (under Israeli control), where an ambush had been set up by the Duvdvan unit. Ghneimat and al-Hour were abducted by the commandos; two Palestinian security guards were detained for 24 hours and then released.

The incident has caused a deep rift in the already shaky relations between Hamas and the PA. Although the PA has demanded that Israel relinquish custody of the two prisoners, calling it a blatant violation of international covenants and peace agreements, Hamas has expressed its suspicions about the involvement of the PA in the whole fiasco. According to a communique issued by the Hamas leadership (see page 9), the abduction was merely a cover-up for newly-resumed security coordination between the PA and Israel. Hamas sources have voiced suspicion that head of Palestinian Preventive Security Col. Jibril Rjoub had a hand in the operation, in light of the fact that a number of senior PA security officials were in the transport vehicle at the time of the ambush. Hamas has called the incident a conspiracy which is intended weaken national ties between the Palestinians and which has "trespassed" on the dignity of the Authority itself.

In addition to the political fallout, the abductions have wreaked havoc on the popular front as well. On November 16, some 300 angry Palestinians marched in the village of Sourif in protest, chanting slogans against the Palestinian Authority and the Preventive Security Service. Some demonstrators pelted Palestinian police cars with stones. Anti-PA graffiti was found scribbled on walls across the village the next morning and the car belonging to Legislative Council member Ali Abu al-Rish had been torched.

The unprecedented riots have put the Palestinian Authority in an awkward position. Official sources in the PA have been quick to condemn Israel over the abduction, labeling it nothing short of piracy. One source described the Israeli actions as "unsurprising" since Israel is used to breaching international agreements, and gave the failed assassination attempt against Hamas politburo chief Khalid Masha'al last month as the latest example of this.

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